

## ASX announcement

### SG Fleet strengthens its presence in the novated segment with nlc acquisition

- **nlc is a specialist manager and provider of novated leases, consumer vehicle finance and vehicle sourcing services**
- **FY15 EBITDA \$24.7m – Melbourne HQ – 140 staff**
- **Complementary novated business model and product/skill set creates leading market position, opens up consumer-style options and cross-sell opportunities**
- **Enterprise value \$154m (acquisition price \$200m less net cash on nlc balance sheet \$46m) – 6.2x FY15 EBITDA pre-synergies**
- **Anticipated 25%+ cash EPS accretion in first full year of ownership – meaningful synergy opportunities**

17 November 2015

SG Fleet Group Limited ('SG Fleet' / ASX: SGF) today announced the acquisition of novated and vehicle procurement specialist **nlc**. This transaction will see SG Fleet significantly strengthen its presence in the novated segment while maintaining its leadership position in fleet management.

The acquisition price of \$200 million includes \$46 million of net cash on **nlc**'s balance sheet, equating to an enterprise value of \$154 million.

**nlc** Managing Director Matt Reinehr has opted to receive 9.1 million SG Fleet shares as part of the consideration<sup>1</sup>. In addition to the scrip consideration, the acquisition is funded through an increase in debt (\$110 million) and cash on hand.

SG Fleet anticipates cash EPS accretion in its first full year of ownership of over 25%, with further accretion to come in subsequent years. The 6.2-times FY15 EBITDA multiple does not include synergies, which are expected to be realised over the 2016 to 2018 financial year periods.

"SG Fleet has always taken a very disciplined approach to inorganic growth, and I am very happy to say that the acquisition of **nlc** delivers on our objectives on a number of fronts," SG Fleet's Chief Executive Officer, Robbie Blau, said.

"**nlc** is a strong business with diversified revenue streams, a quality, sticky customer book and a highly regarded management team. I am delighted that Matt and his team have decided to remain with the business. In the industry, **nlc** is recognised for its ability to win and retain customers and achieve strong margins and sustainable growth. Those qualities make this both a strategically attractive and a financially compelling deal," he noted.

<sup>1</sup> Shares held under escrow: 50% until release of SGF FY16 results / 50% until release of SGF FY17 results

## **nlc overview**

**nlc** is headquartered in South Melbourne, with a national presence, and employs approximately 140 staff. The company has been at the forefront of novated product development since its establishment by Matt Reinehr in 1990.

**nlc** derives revenue from a variety of sources related to its core novated offering, including insurance broking, and has continued to add new streams as it moves into adjacencies. In recent years, it has expanded into the provision of vehicle finance in the form of consumer loans, and further developed its vehicle sourcing services. The company writes mostly finance leases and funds via a principal and agency structure similar to that of SG Fleet.

The low concentration, blue-chip customer book is predominantly made up of private sector entities, with a strong presence in the education sector and a growing government exposure.

EBITDA for the 2015 financial year was \$24.7 million, and the business achieved a compound annual growth rate in EBITDA over the past three years of 17.1%.

### **Acquisition supports multiple growth objectives**

Mr Blau indicated that the two brands, which will both be retained, bring to the table specific attributes in terms of products, expertise, sales approach, customer book, and scale. "Both companies have an established position in the market and distinct differentiators that can be leveraged across the combined business. Together, this makes for a very formidable blend of products and expertise, along with enhanced efficiency," he said.

In addition to its core tool-of-trade and novated offering, SG Fleet currently provides a wide range of accessories and an extended warranty product, while **nlc** boasts additional expertise in consumer-style products and insurance. As it offers operating leases, SG Fleet also has extensive experience in the management of residual values and the vehicle disposal process. In turn, **nlc** contributes forward thinking and capabilities in terms of vehicle procurement in the consumer space. Additional benefits will be extracted from **nlc**'s novated customer base – an opportunity for SG Fleet's tool-of-trade offering – and increased scale of sourcing and funding.

"The acquisition of **nlc** is consistent with our multiple pillar growth strategy and furthers a number of our objectives at the same time. Looking ahead, it allows us to gain market share by enhancing our offering and service, creates a wider range of products available to both sets of existing customers, and supports our diversification into adjacencies by gaining exposure to consumer-style solutions," Mr Blau said.

"The acquisition further balances our business portfolio and firmly extends our leadership in the fleet management business to the novated segment," Mr Blau concluded.

The acquisition is due to be completed before the end of the 2015 calendar year.

## **Investor Briefing Details**

SG Fleet will conduct an investor briefing at 9AM on Wednesday 18 November at the offices of Morgan Stanley (Level 39, 2 Chifley Square, Sydney).

The following dial-in arrangements are in place:

Australia (Sydney)	02 9009 0696
Australia (Melbourne)	03 8687 0628
International	+65 6713 5381
Passcode	81772907

Additional country-specific dial-in numbers are available on request.

### **For further information, please contact:**

Yves Noldus  
Corporate Services & Investor Relations Executive  
SG Fleet Group Limited  
Tel: 02 9494 1095 / 0401 416 686

**sgfleet Australia**

Lvl 2, Bldg 3, 20 Bridge St, Pymble, NSW 2073  
Ph: + 61 2 9494 1000 Fax: +61 2 9391 5600

**sg fleet NZ**

Lvl 26, PWC Tower, 188 Quay St, Auckland, 1010  
Ph: +64 9 363 2993 Fax: +64 363 2994

**sgfleet UK**

Warwick Mill Business Centre, Warwick Bridge, Carlisle, Cumbria, CA4 8RR  
Ph: + 44 1228 564455 Fax: +44 1228 564464